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MARKETS

Insurance Magnate Greg Lindberg Found Guilty on Bribery Charges

Judge ordered Lindberg to wear an electronic monitoring device while he awaits sentencing



Greg Lindberg, in undated photo.

PHOTO: ROBERT BROWN PUBLIC RELATIONS/GREG LINDBERG/AP

By [Leslie Scism](#) and [Mark Maremont](#)

Updated March 5, 2020 8:28 pm ET

Insurance mogul Greg Lindberg was found guilty Thursday on bribery charges after jurors found he had attempted to bribe North Carolina’s insurance commissioner by promising \$2 million in campaign donations to obtain favorable regulatory treatment.

A self-proclaimed billionaire, Mr. Lindberg amassed a business empire in recent years, fueled in part by an unusual stream of loans from his insurance companies. He also had become the leading political donor in North Carolina and a major campaign donor nationally.

The judge declined prosecutors’ request that Mr. Lindberg be taken into custody immediately, while awaiting sentencing. Mr. Lindberg will choose a judicial district as his base and travel outside it at the discretion of a probation officer while continuing to wear an electronic monitoring device.

The government alleged Mr. Lindberg sought the replacement of a senior regulator who was overseeing his insurers with someone of his own choosing. The move was aimed at getting a clean bill of health for Mr. Lindberg's life insurers, prosecutors argued, so he could make more acquisitions to further expand his conglomerate.

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Jurors in federal court in Charlotte, N.C., listened to hours of secret recordings made by North Carolina Insurance Commissioner Mike Causey, who was cooperating with the Federal Bureau of Investigation and had numerous meetings and phone calls with Mr. Lindberg and his co-defendants.

Lawyers for Mr. Lindberg and two co-defendants had argued that the executive believed he was staying within election law as he made contributions to the state's Republican Party, to be forwarded to the commissioner's 2020 re-election effort.

The defense team argued Mr. Lindberg had been wrongfully entrapped by Mr. Causey into making the donations.

One co-defendant, John D. Gray, a consultant, was also found guilty. Another co-defendant John V. Palermo, an executive who worked for Mr. Lindberg's conglomerate, was found not guilty.

Jurors found Messrs Lindberg and Gray guilty of two related criminal offenses. One of the two charges could bring a maximum of 20 years of jail, and 10 years for the other, but the actual sentences are likely to be lighter.

Lawyers for both Messrs. Lindberg and Gray said they would appeal.

"We think the great weight of the evidence demonstrated this was a set-up by a dishonest politician to eliminate a political rival," said Brandon N. McCarthy, one of Mr. Lindberg's lawyers.

“We respect the process, but we believe the jury came to the wrong verdict,” said Jack M. Knight Jr., an attorney who represents Mr. Gray.

Brian S. Cromwell, an attorney for Mr. Palermo, said in a statement that evidence introduced at the trial showed that “Mr. Palermo was simply an employee tasked with administrative functions who was in the wrong place at the wrong time.”

The case has been widely watched since indictments were unsealed in April 2019, in part because the case entangled North Carolina’s Republican Party.

A fourth defendant, Robin Hayes, a former congressman and former chairman of the state GOP party, pleaded guilty last October to a single count of lying to the Federal Bureau of Investigation. Mr. Hayes allegedly agreed to take Mr. Lindberg’s donations to the state party and forward them to Mr. Causey’s campaign. He awaits sentencing.

Mr. Lindberg’s insurance empire was the focus of a February 2019 article in The Wall Street Journal.

Mr. Lindberg bought life insurers in the U.S. and abroad beginning in 2014. He then lent at least \$2 billion of their assets to entities he controlled, in an unconventional strategy that began before Mr. Causey took office.

After Mr. Lindberg’s indictment, North Carolina regulators took control of four of the insurers. Those insurers have since asked a state court to appoint a receiver over hundreds of Mr. Lindberg’s private entities that owe them money.

A separate federal probe is continuing to investigate potential fraud in Mr. Lindberg’s business dealings, filings show.

In court Thursday, a prosecutor said as much as \$1 billion of insurance proceeds were “missing or unaccounted for.” He also noted that Mr. Lindberg had sent \$3.8 million to 11 women from countries such as Russia and Ukraine in the past 18 months.

A spokesman for Mr. Lindberg said allegations of a financial hole are “totally false.” He said Mr. Lindberg doesn’t know where the government got 11 women. Mr. Lindberg paid \$3 million to three U.S.-domiciled women who were egg donors, the spokesman said, and \$800,000 to an employee of one of his non-U.S. businesses.

Mr. Causey, who was on the stand for five days, said he “is relieved” the trial is over. He said he is focused on salvaging as much value as possible in the insurers.

“There is still the possibility that there are buyers out there” to acquire them, he said.

The defense lawyers sought to persuade the jurors that the government overstepped boundaries prohibiting authorities from inducing people into wrongdoing. Such so-called entrapment can occur when a person with no intent to commit a crime is persuaded by law-enforcement officers or their agents to commit the offense.

Mr. Lindberg’s lawyers contended that Mr. Causey had strong motivation to entrap Mr. Lindberg, who had been a major supporter of the former insurance commissioner, Wayne Goodwin, a Democrat. Mr. Causey narrowly defeated Mr. Goodwin in November 2016 and faces him in his re-election bid in November.

In multiple recordings, jurors heard Messrs. Lindberg and Gray criticize the deputy commissioner who was overseeing the Lindberg insurers and whom they wanted replaced. They told the commissioner they supported robust and stringent regulation, but contended that the deputy was ill-qualified to understand the insurers’ investments.

Mr. Causey said on recordings that the deputy was trying to do her job in pushing Mr. Lindberg and his executives for details about his insurers’ investments.

“The defendants devised an elaborate plan to make a hefty campaign contribution to an elected official to secure favorable action. This was not a lapse in judgment. It was a deliberate bribery attempt and a clear violation of federal law,” said U.S. Attorney Andrew Murray for the Western District of North Carolina.

Corrections & Amplifications

Insurance magnate Greg Lindberg, who was found guilty on bribery charges in North Carolina Thursday, will wear an electronic monitoring device while awaiting sentencing. An earlier version incorrectly said he was placed under house arrest. (March 5, 2020)

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Appeared in the March 6, 2020, print edition as ‘.’

